

# In What Ways Can Neo-liberalism Be Classified as Utopian Politics?

Written by Min Goo Lee

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MIN GOO LEE, AUG 25 2014

“All is for the best in the best of all possible worlds.”

Satirised to lasting effect in Voltaire's *Candide*, this wry mantra of sanguinity epitomises the philosophy of hapless scholar Pangloss, whose sincerity stands in stark, almost delusional contrast to the abject conditions that he and his companions are subjected to. In context, Voltaire's portrayal of the eponymous Candide and his tutor Pangloss is a candid assault on the philosophical optimism of Gottfried Leibniz, a great thinker of the early Enlightenment era. Optimism, in this usage, connotes the “optimal”; the notion that since the current situation is the one constituting the objective reality, it must therefore be the culmination of the best conditions to form the best outcome. Combined with the idea of “theodicy”, which is the attempt to justify the moral evil pervading the worldly narrative, Leibnizian optimism provides a method of rationalisation commensurate with key philosophical notions in liberalism. For instance, it is not far-fetched to draw the parallel between this idea of optimism and key concepts in the theories of other Enlightenment scholars; namely the invisible hand envisioned by Adam Smith, or the concept of objective flawlessness in the ethics of Baruch Spinoza. Summarised somewhat simplistically as the assurance of deterministic equilibrium, such conceptual constructs are characteristic of the focus of classical liberalism on liberty and progress. In terms of utopian thinking, these ideas offer an idealistic view of human progression, and the idea that even amidst strife, or perhaps even because of it, equilibrium will ultimately emerge.

The classical liberal sentiment of optimism, John Gray states, has partially been transmitted down to the United States, “the last great Enlightenment project[1].” According to Gray, the ultimate policy objective of the US, which is unspoken but ever-implicit, is the markedly utopian aim to consolidate a global, universal civilisation. As the sole preponderant hegemon remaining in the world, the United States and aligned partner states have had a dominant stake in the makeup and functioning of the global order; a position that has been exercised to create a structure and institutions conducive to US interests. Throughout the past century, the brand of liberalism practised in the United States has developed into a more concentrated form. Neo-liberalism, as a more prescriptive doctrine, remains based on classical concepts such as the invisible hand of the market, but has become a much more transformative doctrine following its widespread application in the latter half of the 20<sup>th</sup> century. A revival of classical liberalism amalgamated with the free-market enabler of globalisation, the current definition of neo-liberalism is a rather recent phenomenon, tracing its revitalisation to experimental phases such as violent reforms in Pinochet's Chile[2], and more importantly, the administrations of Thatcher in the UK and Reagan in the US during the 1980s, which were democratic, yet radical nonetheless. This trend of turbulent actualisation of policies such as privatisation, financialisation and deregulation continued its course past the end of the 20<sup>th</sup> century, with the demolition of the state in Iraq began with the Allied invasion of 2003, a form of “political cleansing” that allowed the neo-liberal, neo-conservative United States to reconstitute the new Iraq in its own image[3]. In this manner, the US cast itself as the messianic saviour of prototypical utopian rhetoric; a self-imposed role that was tarnished by the devastatingly poor management of the post-demolition stage.

In contrast to the utopian nature of today's neo-liberalism, liberal scholars such as economist Friedrich Hayek and philosopher Karl Popper had been vehement in their opposition to what they perceived as the totalitarian nature of utopianism[4]. Popper, in particular, saw a distinctly illiberal facet in utopian politics, namely the concept of starting

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from a 'clean slate[5]', which dictates the complete demolition of the old in order to accommodate a total transition to a utopian model. Since there is a clear end goal towards which all efforts must extend, a utopian society is and must be necessarily impervious to any change that may derail progress towards the set ideals. In this way, Popper argues, utopianism must entail a form of social engineering, which functions against the will of those who may not share the same desire for utopia[6]. The idea that the creation of utopia requires totalitarian control is juxtaposed to what Popper labels favourably as "piecemeal engineering", the gradual process of change within the existing context through democracy and institutional legitimacy. Instead, utopian thinking is adamant on the premise that it alone is the sole objective to which all of mankind must aspire, and is absolutely intolerant of other utopian aims[7]. For Popper, this is a self-defeating fallacy that leads to violence, either or both physical or rhetorical.

In reality, this may appear to be the case upon casual reflection; in the years following the 9/11 attacks, the US was voracious in its rejection of the utopian ideology embodied by al-Qaeda and likeminded Islamic movements[8], not only because of the ensuing military conflicts, but due to the intrinsic incompatibility of the respective utopia of the former and the latter. In much the same way, it is conceivable to argue that China's reforms under Deng Xiaoping constituted a capitulation of the original Maoist utopia to the evident rising of Western-style capitalism. However, Popper disregards the fact that even when policymakers institute gradual, "piecemeal" changes, their intents and actions are directed towards an overarching purpose that may be unrealisable at the given point in time – or utopia – in another word. As Olssen astutely interjects, the sole distinction in Popper's separation between utopian and piecemeal engineering is that the latter acts in consideration of both the present and the future, whereas the former ostracises the present and focuses on the future[9].

Perhaps the greatest point of convergence between neo-liberalism and utopian political thought emerges from the shared belief in the 'phoenix revival'; the idea of creative destruction, whereby progress and actualisation of ideals is only made possible through the demolition of the old order. In a definitive article on the subject, David Harvey identifies the core tenet of "neo-liberalisation" as the accumulation of capital[10], alongside a number of policy instruments aimed at eradicating hindrances to this end. By identifying and dismantling obstacles to the free interaction of resources, such as state regulations and public assets, economic actors are left free to make rational choices for the creation of market value. In many critiques of neo-liberalism, the neo-liberal state is shown as being exceedingly successful at overthrowing the status quo and instituting the systemic framework for a new state structure. The concept of creative destruction was propagated outside of academia and into popular discussion through Naomi Klein's controversial work, *The Shock Doctrine*, in which she focuses on several case studies throughout recent history to emphasise a coherent depiction of the destructive effect of neo-liberalism. For neo-liberal policymakers, the greatest obstacle to the full realisation of the free market is the state itself, and the neo-liberal policy direction on the part of a state government is self-destructive in essence. By identifying and dismantling obstacles to the free interaction of economic factors, such as state regulations and public assets, neo-liberalism aims not to build anew, but to allow the natural forces of society and the economy to prevail and create a self-regulating order.

The Asian financial crisis of 1997 is cited by Klein as a prime example; in a measure she dubs the "shock therapy," Western-led international economic organisations, primarily the IMF in this case, induced several Asian states to take on structural economic reforms that eroded away developmentalist/protectionist barriers to the free market. In refusing immediate financial assistance at the outset of the crisis, Klein argues, the IMF had effectively allowed a kind of economic apocalypse that drained the treasuries of the affected states, thereby rendering them susceptible to coercion and eventual influence to reconstruct their economies in alignment with neo-liberal policies[11]. The interconnectedness of the globalisation era heightened the widespread impact of such economic catastrophes, and allowed the practice of disaster capitalism to be conducted in a broader, international stroke, in the utopian belief that there exists a universal and uniform solution to diverse variations of a problem. The overriding concern with economic growth[12] as both the means and the end goal contributed to a trend of widening inequality across the affected Asian countries[13], which were left with insufficient state capacity to compensate for such inequities. One of the greatest critiques against neo-liberalism stems from the empirical phenomenon of the reinstatement of class power[14], or the systemic accommodation of inequality in other words. The globalised culture of free capitalism and consumerism created something of a political religion in itself, whereby the idea of material abundance and consumption thereof was given an almost supernatural significance[15]. Although the 'shock' itself may have been

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bitterly received, the fruits of the slash-and-burn economics have been extremely well-received by the populations whose wealth it enriched.

Karl Mannheim made the following distinction between ideology and utopia; ideology stands in the acceptance of the existing order and the effort to reconstruct it, whereas utopia rejects the existing order in its entirety[16]. In Mannheim's conception, the fundamental character of utopia is in that it "transcends reality and which at the same time breaks the bonds of the existing order[17]." In this respect, utopia without a revolutionary aspect as in the Marxian variety may be obsolete within the context of the "existing order." This is summarised bluntly and succinctly by Peck, who posits that the failure to reach the neo-liberal utopia, whose main objective of the "zero-state society" is radically unfeasible, condemns neo-liberal reformers to "dwell in the purgatories of governance[18]." As discussed previously, this is implicit from the idea that the ultimate conceptual form of neo-liberal governance is essentially anarchy and that in many cases, neo-liberal reformers are committed to dismantling state governance. However, such a notion is somewhat problematic in that, even in the abstract sense, there is no conceivable possibility that the widespread implementation of the neo-liberal utopia would not necessitate a monumental utilisation of state power to begin with. The fundamental premise of the neo-liberal utopia is paradoxical in its inevitable reliance upon that which it seeks to destroy. A founding scholar of the Chicago School of neo-liberalism, Friedrich Hayek is known for the deep distrust towards state control of economic elements. In Hayek's view, the market was at its optimal operation in a molecular structure, with economic actors engaging in transactions as individuals or groups brought together by circumstantial shared interests[19], a model which assumed that all actors operated from an equal footing. The central direction of resources, for neo-liberals, necessarily entails the curtailing of individual will to a degree, in which any degree is excessive. However, this overlooks the notion that in order to institute a neo-liberal utopia, the desires of those who favour the paternalistic guidance of socialism, communism, or fascism, for example, must also be violated.

Therefore it is possible to posit that neo-liberalism is in fact a utopia in opposition to another utopia. The Cold War epoch of dualism comprised of two competing utopian visions, one centred on the principles of liberty and property, the other on paternalism and central planning[20]. Ironically, the political discourse in the West over this period equated utopianism with the Soviet Union, due to the conception that the implementation of utopia required totalitarian absolutism[21], a charge that corresponds with the thoughts of many liberal thinkers such as Hayek, who denounced the perceived transition from socialism to fascism that occurred in the USSR even before the Cold War began[22]. Coupled with the contemporary rhetorical confusion that associates the term 'pragmatism' with some inherent wisdom, the West succeeded in labelling its ideological adversary as the utopian; when in reality, its theoretical basis itself contains elements of utopian thought. Allegorically, it is conceivable that the breakdown of the Cold War signified an apocalyptic event, the complete destruction of the dualistic equilibrium that had persisted for almost half a century. Subsequent to this transformative experience, the liberal values of the West seemingly began to proliferate and, to borrow from international relations terminology, many states bandwagoned to the unipolar hegemon of the United States against its greatly weakened contenders. In the ensuing global semi-hierarchy, certain weak states unaligned with Western democracies came to be labelled as failed or rogue states, a consensus that was arguably used to create a right to intervention[23] in cases such as Iraq and Libya. As Mannheim states, "It is always the dominant group which is in full accord with the existing order that determines what is to be regarded as utopian[24]." Neo-liberalism, in the self-proclaimed guise of a eutopia as opposed to utopia, allows violence against other utopias, thus validating the very concerns espoused by liberal scholars such as Popper against the totalitarian methods of utopia[25].

In summation, the brand of neo-liberalism practiced by the United States and its cohorts is an ideology of utopia, or an incomplete utopia, which prevailed over the previous order as the remaining hegemonic ideology, but nevertheless finds its utopian goals difficult to universalise. As a discourse, neo-liberalism faces a crisis whereby its current standing may erode away as the negative externalities of its global implementation become gradually more apparent; social unrest as the result of economic inequality, the counter-democratic concentration of power, the destruction of the environment, and the monopolisation of political and ideological thought. In most utopian or dystopian fiction, the divergence between the two often consists of a fine line; as the ideological movement that is most empowered to be able to create its vision of utopia, the burden of proof is on the part of neo-liberalism to justify the continued value of its vision. The argument that detracts value from utopian thinking due to its seemingly

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unfeasible nature is missing the point entirely; the goal of utopianism is the progression itself, whereby the key value lies in the fact that human civilisation constantly seeks improvements towards the ideal in an asymptotic (or Sisyphean, depending on the perspective) endeavour. In reality, utopian thinking is ubiquitous to an extent, wherever there is the aspiration to better human society. When Popper infers that “the appeal of Utopianism arises from the failure to realize that we cannot make heaven on earth[26],” he is neglecting the fact that the incremental progress advocated by him is oftentimes motivated by aspirations towards utopia.

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[1] Gray, J., 1998, page 100.

[2] Harvey, D., 2007, page 29.

[3] Klein, N., 2007, page 330.

[4] Olssen, M., 2009, page 50.

[5] Davis, L., 2007, page 56.

[6] Goodwin, B. and Taylor, K., 2009, page 95.

[7] Popper, K., 1986, page 6.

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[8] Levitas, R., 2007, page 299.

[9] Olssen, M., 2009, page 55.

[10] Harvey, D., 2007, page 29.

[11] Klein, N., 2007, page 269.

[12] Smart, B., 2009, page 117.

[13] Harvey, D., 2007, page 28.

[14] Harvey, D., 2007, page 29.

[15] Smart, B., 2009, page 119.

[16] Levitas, R., 2007, page 289.

[17] Mannheim, K., 1935, page 173.

[18] Peck, J., 2013, page 147.

[19] Hodgson, G., 1995, page 206.

[20] Gray, J., 1998, page 6.

[21] Levitas, R., 2007, page 297.

[22] Hayek, F., 1944, page 31.

[23] Harvey, D., 2007, page 32.

[24] Mannheim, K., 1936, page 183.

[25] Olssen, M., 2009, page 49.

[26] Popper, K., 1986, page 8.

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